

AUTOMOTIVE INDUSTRY IN THE GCC

**A Sector Study Report to
Deliver Investment Opportunities in
Automotive Sector to Investors**

TO BE DELIVERED



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Opportunities in the Automotive Sector in the GCC**



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1. INTRODUCTION

Low fuel cost, high per capita income and growing demand for automotives are driving rapid development of automotive market in GCC. With higher per capita income, families can afford more than two cars per household in GCC. Demand for passenger cars is further expected to grow as the population in the region grows fast to meet the growing need for trained manpower to man various projects in the GCC region.

In spite of the presence of such a growth market, there is no major car assembly facility in the GCC currently. Consequently, the entire demand for passenger cars in the GCC is met through imports. The total import of passenger cars in 2007 into Saudi Arabia alone was 481,000

The effectiveness of automotive manufacturing sector is decided by the capability of component manufacturing sector to make on-time delivery of components of certified quality. Presently there is a network of automotive component manufacturers in GCC which caters mainly to aftermarket requirement. This component industry is growing fast. According to a study, garages and auto workshop in UAE and KSA together are currently in excess of 22000 in 2005. Export market for automotive accessories making units in the GCC grew by 20% in 2004 according to a study. This component manufacturing network can be further developed to transform them into OE component supplier base in due course.

Thus a growing demand, absence of any local vehicle manufacturing facility and the presence of component manufacturing network will provide an ideal platform for setting up an automotive manufacturing unit in the GCC region. In conclusion, it is expected that the scenario painted above will help uncover greater opportunities and potentials available to planners and investors of new automotive manufacturing units.

2 RATIONALE FOR THE STUDY

There are two important aspects to consider when looking at the future of automotive market in the gulf region. One is the demand factor and the other is the economics of production in this region.

During the period 2007-2008, the world has seen a 3% growth in automotive market. During the same period the Middle East and Africa saw a growth of 11%. GCC region, compared to Middle East is an even faster growing market for automotive industry. With 30-40% of the GCC population below driving age, GCC region present enormous untapped opportunities for vehicle manufacturers. The level of economic growth in the GCC region will continue to be robust based on sustained high surpluses generated by oil revenues. Above factors will drive growth in consumption of automotives even higher in the years to come.

Added to this scenario is the manufacturing base for automotive components currently existing in GCC. There is a sizeable presence of component manufacturing units in UAE and Saudi Arabia. Some of these units are suppliers of brake assembly systems, silencer assembly, casting components, interior assembly, filters, etc.

3. OBJECTIVES OF THE STUDY

The objective of the study is to assess the present status of automotive industries in the GCC and identify opportunities available for investment. The Report will provide a valuable aid for strategic planning, at a time of immense opportunities in the automotive sector in GCC region. The key issues that are addressed include:

- ◆ Trend in GCC automotive market
- ◆ Automotive components market in GCC
- ◆ Investment opportunities in automotive sector.

4. COVERAGE

The coverage of this study report has been carefully formulated to address the critical information requirement of investors and planners from automotive industry. Specifically the research parameters will embrace the following:

4.1 Geographic Coverage

The Report will cover the dynamics of the automotive sector within the GCC States.

4.2 Product Coverage

The report reviews the basis of growth and examines the demand for various product categories such as passenger cars, light commercial vehicles, and spare parts market. The status of passenger car projects under various stages of planning has been taken into account along with the foreign trade in passenger cars to identify the gap in demand and availability.

4.3 Time horizon

Historical data has been provided for the period 2002 to 2006 with forecasts for the years up to 2010.

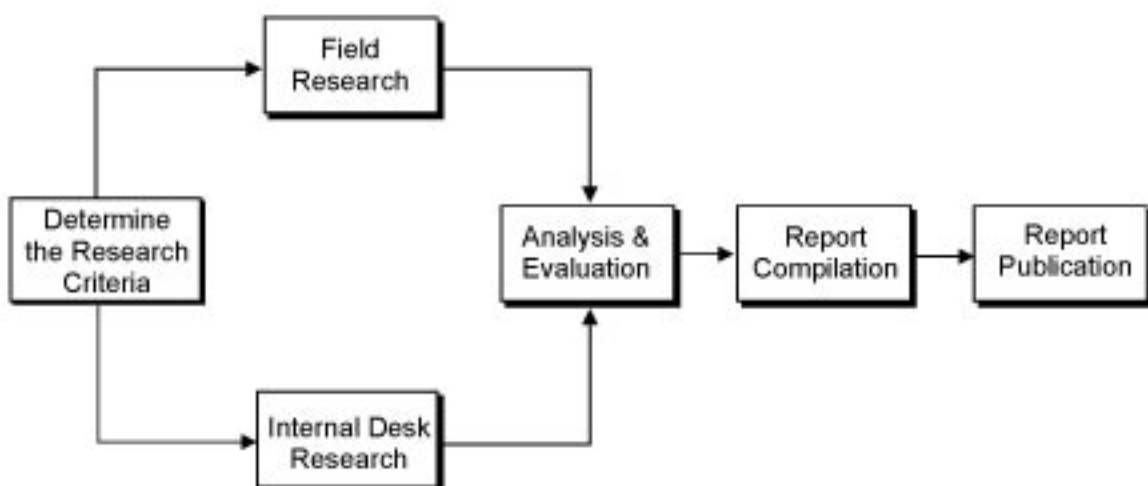
5. APPROACH

The study has been conducted by engineers with expertise in automotive industry from Gulf Organization for Industrial Consulting (GOIC).

The Report is prepared using a conventional mix of both desk and field research. At the outset, project draws upon the internal databanks maintained by GOIC. GOIC has unique and extensive databanks having direct data transfer links with GCC member countries' portals making these data reliable. In addition, GOIC has also access to relevant external sources in order to validate and build on the information held by GOIC.

Commercial information and forecast have been developed from in-house database, augmented by a program of regional fieldwork. Discussions were held with key industry experts to provide a thorough understanding of the dynamics of the current and future automotive projects in different GCC States.

Approach to the Study



6. REPORT CONTENTS

The contents of the report include.

- 1. Executive summary**
- 2. Introduction**
- 3. Methodology**
- 4. World trend in automotives**
- 5. Status of automotive assembly and component industry in GCC**
- 6. Market scenario for automotive products in GCC**
 - a. Import of automotives into GCC
 - b. Leading suppliers of automotives to GCC
 - c. SWOT analysis: GCC automotive industry
- 7. Market scenario for automotive components in GCC**
 - a. Outline of automotive component industry in GCC
 - b. Options
 - c. SWOT analysis: GCC component industry
- 8. Identification of investment opportunities**
- 9. Conclusions and recommendations**

Annexure

7. TIMING AND COSTS

The study is planned to be complete and available for purchase in January 2009

The cost of the report "Automotive sector in the GCC" will be USD 10,000.00 (US Dollars: Ten thousand only)

8. GOIC CREDENTIALS

The Gulf Organization for Industrial Consulting is an intergovernmental industrial development organization, funded by the six Arab Gulf Cooperation Council (GCC) states namely: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

Relevant Project Experience

GOIC has carried out studies related to automotives in the past. GOIC also has a strong feel of the pulse of manufacturing industry in the GCC. The following list indicates some of the relevant studies carried out in the past.

Sl. No	Study Reports
1.	Automotive and ancillary Industries –Vision Report
2.	Manufacture of Aluminum Die-Cast Parts for Automotive Industry: Pre-feasibility report
3.	Aluminum Downstream Industries Market Study
4.	Investment Opportunities in Major Industrial Sectors in Kuwait
5.	Industrial strategy for United Arab Emirates
6.	Pre-Feasibility Report-Manufacture of Multi Layer Composite Al-Plastic Pipes
7.	Option Study for Aluminum Downstream Industry
8.	Oman Steel Sector Study
9.	Road Map for Aluminum Industry in Bahrain
Project Profiles	
1.	Aluminum Die-Casting
2.	Aluminum Foundry for Vehicle Wheels
3.	Aluminum Slugs Manufacturing Plant
4.	High Integrity (HI) Aluminum Castings
5.	Leaf Springs
6.	Light Aluminum Extrusions (CONFORM)
7.	Powder Injection Moldings
8.	Production of Magnesium
9.	Precision Welded Aluminum Tube for Radiators
10.	Recycled Aluminum Alloys
11.	Rolled Finned Tubes
12.	Seamless Steel Tube
13.	Stainless steel Precision Tubes
14.	Steel Foundry (2 Concepts)
15.	Titanium Tubes

Range of Services offered by GOIC

Numerous studies and services have been requested from GOIC over the years, ranging from major industrial policy studies to reports on specific industries and products. In addition, GOIC has served the private sector through its MIOP program, consultancy services and other programs and activities. These services include expert opinion on industrial matters, data provision, project evaluation and various studies.

INDUSTRIAL INVESTMENT PROMOTIONS SECTOR

- ❖ Investment Opportunities
- ❖ Project Identification
- ❖ Feasibility Studies
- ❖ Multi-Client Study Reports
- ❖ Sectoral Studies
- ❖ Consultancy Assignments
- ❖ Technical Training
- ❖ Technical Assistance
- ❖ Industrial Coordination
- ❖ Industry Conferences & Workshops
- ❖ Subcontracting & Partnership Exchange

INDUSTRIAL & ECONOMIC INTELLIGENCE SECTOR

- ❖ Data Collection & Processing
- ❖ Database Development & Management
- ❖ Strategy & Policy Studies
- ❖ Sectoral Overviews
- ❖ Consultancy Assignments
- ❖ Regional Policies
- ❖ Country Programs
- ❖ Trade Support
- ❖ Publications
- ❖ Library resources

Through its work, GOIC has built up unrivalled knowledge and contact networks covering the GCC region, and industrial sectors. GOIC has become an established

source of information on the GCC countries. This has been achieved through maintaining good contacts and effective institutional relationships with ministries, official bodies and organizations, existing industrial establishments as well as other regional Arab and international organizations.

Consultancy assignments are handled by specially created task forces drawn from the cross functional technical departments, as needed, in order to provide the most comprehensive reports and appropriate advice. In-house task forces often work in conjunction with outside expert organizations.

Thus, GOIC is well-equipped and experienced to conduct this important multi-client study.

9. QUESTIONS REGARDING THIS PROPOSAL

Any question regarding the proposal or for further information please contact the following personnel:

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